

Department of Housing and Community Development
Notice of Funding Availability
Winter 2004
Affordable Housing Competition for Rental Projects

The Department of Housing and Community Development (DHCD) is pleased to announce the start of the winter 2004 affordable housing competition for rental projects. The deadline for submitting applications to the winter 2004 competition is no later than the close of business on Wednesday, February 25, 2004. Either before or on that date, DHCD will accept One-Stop Affordable Housing Applications from sponsors seeking the following affordable housing resources:

- Low Income Housing Tax Credits (LIHTC)
- HOME Investment Partnerships Program (HOME) monies in combination with Low Income Housing Tax Credits or as a funding source without tax credits
- Housing Stabilization Fund monies through the Rehabilitation Initiative (HSF/Rehabilitation Initiative) in combination with Low Income Housing Tax Credits or as a funding source without tax credits
- Housing Innovations Fund (HIF) monies as a funding **source without Low Income Housing Tax Credits except where the sponsor intends to provide primarily homeless units in conjunction with appropriate supportive services**
- Facilities Consolidation Fund (FCF) monies in combination with Low Income Housing Tax Credits or as a funding source without tax credits. Although these monies are available on a rolling basis, developers also may submit applications during this funding round
- Capital Improvement & Preservation Fund (CIPF) monies. Although these monies are available on a rolling basis, developers also may submit applications during this funding round

Sponsors of rental projects should note that the Department, in making its funding decisions, will strongly consider the degree to which a project exhibits the principles of smart growth and sustainable development. The Department will also give priority in funding decisions to production projects.

In addition, some sponsors of rental projects located outside the City of Boston may wish to seek an allocation of Section 8 project-based assistance from DHCD, in accordance with the revised statutory authority for this program included in the FFY 2001 VA-HUD appropriations bill and the U.S. Department of Housing and Urban Development's (HUD) Initial Guidance concerning these changes as published January 16, 2001 (Directive No. FR-4633-N-01).

Developers who intend to apply for tax credits during this competition must simultaneously identify and apply for any other DHCD resource to be included in the financing package. DHCD will not accept applications for additional resources at a later date from sponsors applying for tax credits during this competition. **Interested sponsors should refer to the program restrictions and additional application requirements summarized on pages 2-4 of this NOFA.**

Developers seeking HSF/Rehabilitation Initiative funds, HOME funds, FCF funds, or CIPF funds may apply for these funds in combination with tax credits or as funding source without tax credits. Developers seeking HIF funds may not apply for tax credits during this competition unless they intend to provide homeless units in conjunction with significant supportive services. The availability of state resources such as HSF/ Rehabilitation Initiative, HIF, FCF, and CIPF funds, provided from the proceeds of the

Commonwealth's general obligation bonds, is at all times subject to decisions on the bond accounts made from time to time by the Secretary of Administration and Finance. Developers seeking HOME or HSF/Rehabilitation Initiative funds for projects located in HOME entitlement/consortium communities should not that a local contribution of funds is required. Further information is available from the Division of Housing Development at (617) 573-1300.

In January 2000, Executive order 418 (EO 418) was issued to encourage the creation of additional housing. In keeping with the intent of EO 418, in the winter 2004 round DHCD will award bonus points to LIHTC (federal and state), HOME, HSF and HIF applications for projects located in communities which have already been **FY 2004** certified under EO 418 or have submitted an **FY 2004** EO 418 application and supporting documentation on or before February 25, 2004, **and are successful in receiving certification through that application**. For more information on FY 2004 EO 418 certification, please visit the following website:

<http://www.mass.gov/dhcd/>.

I. Application Deadline

The deadline for submission of applications to the Winter 2004 affordable housing competition for rental projects will be, February 25, 2004, by the close of business. All applications must be received at:

Department of Housing and Community Development
Division of Housing Development
100 Cambridge Street, Suite 300
Boston, MA 02114

All applications must be submitted using the One-Stop Affordable Housing Application disk and forms. The most current version of the One-Stop can be accessed at: <http://www.onestopapp.com>. Instructions on the number of applications to be submitted and on the fees due are listed on pages 6 and 7 of this NOFA. **Applications submitted after the deadline will not be accepted by DHCD.**

II. Eligible Applicants

Each of the funding resources available during the fall competition has guidelines and/or regulations describing eligible applicants. In general, eligible applicants are as follows:

- LIHTC: for-profit or non-profit developers
- HOME: for profit or non-profit developers, or municipalities in partnership with for-profit or non-profit developers
- HSF/Rehabilitation Initiative: for profit or non-profit developers, or municipalities in partnership with for-profit or non-profit developers
- HIF: non-profit developers
- FCF: non-profit developers
- CIPF: for-profit or non-profit developers

For additional information on eligible applicants for each resource, please contact the Division of Housing Development staff at (617) 573-1300.

III. Specific Program Guidelines for Winter 2004 Competition

Certain guidelines and/or regulations exist for each funding resource available during DHCD's winter 2004 competition. Sponsors should review copies of the current program-specific guidelines and/or regulations before preparing their funding applications. Sponsors who intend to prepare applications for tax credits in combination with other DHCD resources should take note of the following specific program standards:

- *Low Income Housing Tax Credits*: Please refer to the 2004 Tax Credit Qualified Allocation Plan.
- *HOME Investment Partnerships Program*: In general, \$750,000 is the maximum amount available per project; \$50,000 is the maximum amount available per affordable unit in HOME entitlement/consortium communities. In non-entitlement or non-consortium communities, the maximum amount available per affordable unit is \$65,000. Applications for projects located in municipalities that receive HOME funds directly from HUD must include matching funds (i.e. HOME, CDGB) as a funding source for the project. Each application must be signed by the chief elected official of the community in which the project is located. **Please Note:** All applicants for HOME should be aware that the U.S. Department of HUD federal lead-based paint regulation at 24 CFR Part 35 will apply to all projects that are awarded HOME monies.
- *Housing Stabilization Fund monies through the Rehabilitation Initiative*: In general, \$750,000 is the maximum amount available per project; \$50,000 is the maximum amount available per affordable unit in HOME entitlement/consortium communities. In non-entitlement or non-consortium communities, the maximum amount available per affordable unit is \$65,000. These funds may not be combined with state HOME funds, although sponsors may seek these funds in combination with local HOME funds. Each application must be signed by the chief elected official of the community in which the project is located. Applications for projects located in municipalities that receive HOME funds directly from HUD must include matching funds as a funding source for the project.
- *Housing Innovations Fund*: The amount of HIF available to any project is limited by DHCD's program cap of \$500,000 per project and by a maximum of 50% of total development costs. A project sponsor should not apply for more than \$500,000 in HIF even if the maximum allowed percentage of TDC is higher than \$500,000.
- *Facilities Consolidation Fund*: Requests for FCF may not exceed 50% of the total development cost of the project (or of eligible units in a larger project). Please note that FCF funds are only available to entire projects or units in larger projects available for the exclusive use of the Department of Mental Health or Mental Retardation. **Sponsors must have received and must include in the application a certification from the central office of DMR or DMH that the project is part of the Facilities Consolidation Plan.**
- *Capital Improvement and Preservation Fund*: CIPF primarily is intended to help preserve and improve projects where the prepayment of a state or federally-assisted mortgage would lead or has led to the termination of a use agreement for low income housing. CIPF funds are currently available on a rolling basis; however, these funds are subject to the bond expenditure cap established for DHCD by the Executive Office of Administration and Finance. The maximum amount of CIPF available per project is \$40,000 per unit for projects with more than

25 units with a per project maximum of \$2,000,000. The maximum amount of CIPF available per project is \$50,000 per unit for projects with 25 units or less with a per project maximum of \$1,250,000. Sponsors must obtain a commitment of funds from the community in which the project is located. Interested parties should contact the Division of Housing Development staff to obtain more information.

- *Section 8 Project-Based Assistance:* A maximum of 100 Section 8 PBA vouchers will be made available as part of this funding round. DHCD expects these PBA vouchers to be available in **late 2005**. All PBA voucher reservations are subject to available funding from HUD and DHCD. Successful respondents will be able to obtain DHCD PBA voucher assistance for a maximum of 25% of the total number of units financed. The 25% limit can be exceeded for units that will serve the elderly, the disabled or, with a HUD waiver, those receiving supportive services. PBA contract authority can be requested for up to 10 years, with the option to renew. PBA funds will be used to pay the owner a portion of the monthly rent on behalf of eligible households whose incomes must generally be at or below 30% of the area median income (AMI), and in no case can exceed 50% of AMI. No construction can begin until an Agreement to enter into a Housing Assistance Payments (AHAP) contract is signed; therefore, projects that are already in construction *cannot* receive PBA vouchers. Davis-Bacon wages must be paid in all projects with 9 or more PBA units. DHCD reserves the right to limit the number of PBA vouchers awarded to each project. Preference will be given to projects targeted to family housing. Tenants will be referred exclusively from the appropriate DHCD regional administrating agency waiting list. DHCD *cannot* fund PBA requests for any project that requires a separate waiting list for tenant referrals. Sponsors must agree to comply with all Section 8 project-based voucher regulations found at CFR 24 Section 983, as revised Tuesday, January 16, 2001 in FR 4633-N-01. Interested sponsors should immediately contact both the Division of Housing Development at (617) 573-1300 and the Bureau of Federal Rental Assistance at (617) 573-1208, for further information about the Section 8 project-based option and how to structure the development and operating pro formas which must be submitted as part of the One-Stop application due on February 25, 2004.

IV. Competitive Evaluation Criteria:

In general, applications will be evaluated according to criteria that apply to various DHCD funding programs. The Commonwealth's commitment to the principles of sustainable development are reflected in the Division's programs and policies. The specific criteria for tax credits applications are set forth in the 2004 Tax Credits Qualified Allocation Plan. In general, the evaluation criteria for all applications include but are not limited to the following:

- strength of overall concept
- strength of development team
- demonstrated need for project in the target neighborhood
- appropriate scope or rehabilitation of construction
- appropriate total development costs for properties included in proposal
- financial viability of the project
- degree of local support, including local funding commitments
- evidence of readiness to proceed
- evidence of satisfactory progress on projects previously funded with DHCD resources
- certification in accordance with Executive Order 418
- the degree to which the project incorporates sustainable development principles

Sponsors who are preparing applications for the winter 2004 should pay special attention to the cost limits recommended for tax credit projects and included in the 2004 Qualified Allocation Plan. For copies of the Qualified Allocation Plan, please contact DHCD's Division of housing Development or visit our website: <http://www.mass.gov/dhcd/>.

It is important to note that sponsors of applications to the winter competition must be in good standing with DHCD with respect to any and all other affordable housing projects, supported by DHCD resources, with which they are involved. DHCD may elect not to review applications from sponsors who are not in good standing with the agency with respect to other projects.

See pages 6 and 7 of this NOFA for application requirements. Please contact DHCD's Division of Housing Development at (617) 573-1300 with any questions related to the winter 2004 affordable housing competition for rental projects.

Application Requirements
Winter 2004
Affordable Housing Competition for Rental Projects

I. Application Requirements

All applications must be submitted on the One-Stop Affordable Housing disk and forms. All applications must be submitted (in three binders and tabbed by section) to DHCD, Division of Housing Development, 100 Cambridge Street, Suite 300, Boston, MA 02114, no later than the close of business on Thursday, February 25, 2004. The application requirements by funding resources are as follows:

Applications with Tax Credits

- Tax Credits only: 2 disks, 4 hard copies, and 2 sets of plans.
- HOME in combination with Tax Credits 2 disks, 6 hard copies, and 2 sets of plans.
- HOME and FCF or CIPF in combination with Tax Credits: 2 disks, 7 hard copies, and 3 sets of plans.
- HSF/Rehabilitation Initiative in combination with Tax Credits: 2 disks, 6 hard copies, and 2 sets of plans.
- FCF in combination with Tax Credits: 2 disks, 6 hard copies, and 3 sets of plans.
- CIPF in combination with Tax Credits: 2 disks, 6 hard copies, and 3 sets of plans.
- Affordable Housing Trust with any of the above: 1 additional hard copy and set of plans.

Applications without Tax Credits

- HOME only: 1 disk, 4 hard copies, and 1 set of plans.
- HOME with HIF, FCF or CIPF: 2 disks, 6 hard copies, and 2 sets of plans.
- HSF/Rehabilitation Initiative only: 1 disk, 4 hard copies, and 1 set of plans.
- HSF/Rehabilitation Initiative With HIF, FCF or CIPF: 2 disks, 6 hard copies, and 2 sets of plans.
- HIF only: 2 disks, 2 hard copies, and 2 sets of plans.
- FCF only: 2 disks, 3 hard copies, and 2 sets of plans.
- CIPF only: 1 disk, 4 hard copies, and 1 set of plans.
- Affordable Housing Trust with any of the above 1 additional hard copy and set of plans.

II. Application Fees

Application fees are due with One-Stop submissions for several of the funding resources currently available. The fee schedules for the funding resources are as follows:

Low Income Housing Tax Credits only:

All tax credit applicants must pay a portion of the processing of the fee at the time the application is submitted to DHCD. This fee is non-refundable. Applications fee checks for tax credits projects should be made payable to the **Department of Housing and Community Development**. The fees due with the application submission are as follows:

projects sponsored by non-profits:	\$1,000
projects containing 20 units or fewer	\$1,000
all other projects	\$5,000

Low Income Housing Tax Credits in combination with other DHCD resources:

The only application fees due are the tax credits application fee listed above. No additional fees are due.

HOME or HSF/Rehabilitation funds as a source exclusive of tax credits:

Applicants seeking HOME or HSF/Rehabilitation Initiative funds, but not tax credits, must pay an application fee at the time of applications. The fee is non-refundable. Checks should be made payable to the **Massachusetts Housing Partnership Fund**. The fees are as follows:

projects sponsored by non-profits	\$300
projects sponsored by for-profits	\$750

HIF as a source exclusive of tax credits:

No application fee is required.

FCF as a source exclusive of tax credits:

No application fee is required.

CIPF as a source exclusive of tax credits:

Checks should be made payable to the **Massachusetts Housing Partnership Fund**. The fees are as follows:

projects sponsored by non-profits	\$300
projects sponsored by for-profits	\$750